

Charter Township of West Bloomfield Oakland County, Michigan

**Federal Awards
Supplemental Information
December 31, 2006**

Charter Township of West Bloomfield

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Independent Auditor's Report

To the Board of Trustees
Charter Township of West Bloomfield
Oakland County, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Charter Township of West Bloomfield as of and for the year ended December 31, 2006, which collectively comprise the Charter Township of West Bloomfield's basic financial statements, and have issued our report thereon dated June 6, 2007. Those basic financial statements are the responsibility of the management of the Charter Township of West Bloomfield. Our responsibility was to express opinions on those basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Charter Township of West Bloomfield's basic financial statements. The accompanying schedule of expenditures of federal awards and reconciliation of basic financial statements federal revenue with schedule of expenditures of federal awards are presented for the purpose of additional analysis and are not a required part of the basic financial statements. The information in these schedules has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Plante & Moran, PLLC

June 6, 2007

Report on Internal Control Over Financial Reporting and on Compliance and
Other Matters Based on an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards*

To the Board of Trustees
Charter Township of West Bloomfield
Oakland County, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Charter Township of West Bloomfield as of and for the year ended December 31, 2006, which collectively comprise the Charter Township of West Bloomfield's basic financial statements, and have issued our report thereon dated June 6, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Charter Township of West Bloomfield's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Charter Township of West Bloomfield's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Charter Township of West Bloomfield's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control that we consider to be a significant deficiency and/or a material weakness.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the control deficiency described in the accompanying schedule of findings and questioned costs as item 2006-1 to be a significant deficiency in internal control over financial reporting.

To the Board of Trustees
Charter Township of West Bloomfield

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, we believe that the significant deficiency described above constitutes a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Charter Township of West Bloomfield's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The Charter Township of West Bloomfield's response to the material weakness identified in our audit and described in the accompanying schedule of findings and questioned costs has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the board of trustees, management, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Plante & Moran, PLLC

June 6, 2007

Report on Compliance with Requirements Applicable to Each Major Program and on
Internal Control Over Compliance in Accordance with OMB Circular A-133

To the Board of Trustees
Charter Township of West Bloomfield
Oakland County, Michigan

Compliance

We have audited the compliance of the Charter Township of West Bloomfield with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended December 31, 2006. The major federal programs of the Charter Township of West Bloomfield are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Charter Township of West Bloomfield's management. Our responsibility is to express an opinion on the Charter Township of West Bloomfield's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Charter Township of West Bloomfield's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Charter Township of West Bloomfield's compliance with those requirements.

In our opinion, the Charter Township of West Bloomfield complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2006.

To the Board of Trustees
Charter Township of West Bloomfield

Internal Control Over Compliance

The management of the Charter Township of West Bloomfield is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Charter Township of West Bloomfield's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133. Accordingly, we do not express an opinion on the effectiveness of the entity's internal control over compliance.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement for a major program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a major federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement for a major program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that noncompliance that is material to a type of compliance requirement for a major program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance and its operation that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the board of trustees, management, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Plante & Moreau, PLLC

August 6, 2007

Charter Township of West Bloomfield

Schedule of Expenditures of Federal Awards Year Ended December 31, 2006

Federal Agency/Pass-through Agency/Program Title	CFDA Number	Pass-through Entity Project/Grant Number	Award Amount	Federal Expenditures
U.S. Department of Homeland Security:				
Passed through the State of Michigan, Department of State Police - 2005 Assistance to Firefighters Grant Program	97.044	FG-10898	\$ 117,075	\$ 117,075
Passed through Oakland County, Michigan:				
2005 Law Enforcement Terrorism Prevention Program	97.067	FY 2005 HSGP	43,080	37,098
2005 State Homeland Security Grant	97.067	FY 2005 HSGP	7,621	7,621
Passed through the State of Michigan, Department of Labor & Economic Growth - 2004 Citizen Corps	97.053	30600/36446	30,900	20,369
Total U.S. Department of Homeland Security				182,163
U.S. Department of Housing and Urban Development - Michigan Urban County - Community Development Block Grant - Passed through Oakland County, Michigan Entitlement Grant:	14.218			
Program year 2003-2004		731521	99,861	7,372
Program year 2004-2005		731360	27,424	24,644
		731521	70,701	265
		731696	9,679	9,122
Program year 2005-2006		731360	26,754	22,944
		731521	66,885	56,048
Program year 2006-2007		730137	5,000	735
		730535	2,700	615
		731665	5,115	1,934
		731712	38,685	20,327
Total U.S. Department of Housing and Urban Development				144,006
U.S. Department of Justice - Federal Equitable Sharing Program - Direct	16.unknown		479,052	282,664
U.S. Department of General Services Administration Help America Vote Act (HAVA) - Passed through the State of Michigan, Michigan Department of State Election Reform Payments	39.011	071B4200234	409,743	170,300
U.S. Department of Health & Human Services - Passed through the State of Michigan Voting Access for Individuals with Disabilities Vote Program	93.617		2,500	2,500
U.S. Environmental Protection Agency - Passed through Wayne County - Rouge River National Wet Weather Demonstration Project	66.606	RVIA-21	88,233	32,043
Total federal expenditures				<u>\$ 813,676</u>

Charter Township of West Bloomfield

Reconciliation of Basic Financial Statements Federal Revenue with Schedule of Expenditures of Federal Awards Year Ended December 31, 2006

Revenue from federal sources - As reported on financial statements	\$ 811,547
Federal revenue not reported in the financial statements - Noncash grants received - Revenue not recorded in basic financial statements	207,398
Federal revenue recorded elsewhere in basic financial statements	32,043
Federal revenue not expended in the current year - Federal equitable sharing program	(196,388)
Federal revenue for prior period expenditures	<u>(40,924)</u>
Federal expenditures per the schedule of expenditures of federal awards	<u><u>\$ 813,676</u></u>

Charter Township of West Bloomfield

Notes to Schedule of Expenditures of Federal Awards Year Ended December 31, 2006

Note 1 - Significant Accounting Policies

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Charter Township of West Bloomfield and is presented on the same basis of accounting as the basic financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 2 - Subrecipient Awards

Of the federal expenditures presented in the schedule, federal awards were provided to subrecipients as follows:

Federal Program Title	CFDA Number	Amount	
		Provided to Subrecipients	
Community Development Block Grant	14.218	\$	96,418

Charter Township of West Bloomfield

Schedule of Findings and Questioned Costs Year Ended December 31, 2006

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? ☒ Yes ☐ No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? ☐ Yes ☒ None reported

Noncompliance material to financial statements noted? ☐ Yes ☒ No

Federal Awards

Internal control over major program(s):

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? ☐ Yes ☒ None reported

Type of auditor's report issued on compliance for major program(s): Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? ☐ Yes ☒ No

Identification of major program(s):

CFDA Number(s)	Name of Federal Program or Cluster
16.unknown 14.218	Federal Equitable Sharing Program Community Development Block Grant

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee? ☐ Yes ☒ No

Charter Township of West Bloomfield

Schedule of Findings and Questioned Costs (Continued) Year Ended December 31, 2006

Section II - Financial Statement Audit Findings

Reference Number	Findings
2006-1	<p>Finding Type - Material weakness - General ledger closing procedures</p> <p>Definition of Material Weakness - A material weakness is a significant deficiency or combination of significant deficiencies that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.</p> <p>Condition - The year-end general ledger closing process continues to be a significant amount of work relative to the staffing levels. During the current year, there were approximately 30 adjustments to the Township's general ledger after the audit started on April 9. For virtually all of these adjustments, Township personnel were able to investigate the potential misstatement and write the necessary journal entry adjustment without any help from the auditors. This clearly demonstrates their high level of expertise. Our concern, however, is that preparing for the year-end audit is becoming such a hectic process that errors might be made and not caught.</p> <p>Context - During 2006, the Township identified that it had not capitalized water meters during the prior two years. The Township investigated and corrected the records in 2006. Also during the 2006 audit, we identified that the water and sewer customer receivables subsidiary ledger did not agree with the general ledger by approximately \$200,000, and the difference had not been identified and investigated. Based on our concerns, the Township investigated and determined that the problem originated in the old billing software that was replaced in April 2006. In May 2007, the Township has gone back and successfully reconciled each month since the new software was implemented. We believe that both of these instances represent symptoms of the difficulty of the year-end closing process.</p> <p>Recommendation - The Township should evaluate the year-end general ledger closing process and determine whether changes to the process may be helpful (such as partial closings made quarterly throughout the year, in order to reduce the year-end work), or if additional personnel may be necessary.</p> <p>Views of Responsible Officials and Planned Corrective Actions - The Township agrees with the finding as written. The Township will perform additional account reviews on a periodic basis.</p>

Charter Township of West Bloomfield

Schedule of Findings and Questioned Costs (Continued) Year Ended December 31, 2006

Section III - Federal Program Audit Findings

Reference Number	Findings
None	